



City of San Marcos

630 East Hopkins
San Marcos, TX 78666

Work Session - Final City Council

Tuesday, February 4, 2020

3:00 PM

City Council Chambers

630 E. Hopkins - Work Session

I. Call To Order

II. Roll Call

PRESENTATIONS

1. Receive a staff presentation and hold a discussion on the results of the Stormwater Utility Rate Study, and provide direction to the City Manager.
2. Receive a staff presentation and hold a discussion on the Whisper Public Improvement District (PID), and provide direction to the City Manager.

EXECUTIVE SESSION

3. Executive Session in accordance with the following Government Code Section § 551.071 - Consultation with Attorney: to receive a legal briefing and deliberation regarding Martindale ETJ Matters.

III. Adjournment.

POSTED ON FRIDAY, JANUARY 24, 2020 @ 4:30PM

TAMMY K. COOK, INTERIM CITY CLERK

Notice of Assistance at the Public Meetings

The City of San Marcos does not discriminate on the basis of disability in the admission or access to its services, programs, or activities. Individuals who require auxiliary aids and services for this meeting should contact the City of San Marcos ADA Coordinator at 512-393-8000 (voice) or call Texas Relay Service (TRS) by dialing 7-1-1. Requests can also be faxed to 855-461-6674 or sent by e-mail to ADArequest@sanmarcostx.gov



Legislation Text

File #: ID#19-901, **Version:** 1

AGENDA CAPTION:

Receive a staff presentation and hold a discussion on the results of the Stormwater Utility Rate Study, and provide direction to the City Manager.

Meeting date: February 4, 2020

Department: CIP/Engineering-Laurie Moyer, Director, Finance-Heather Hurlbert, Director/CFO

Amount & Source of Funding

Funds Required: Click or tap here to enter text.

Account Number: Click or tap here to enter text.

Funds Available: Click or tap here to enter text.

Account Name: Click or tap here to enter text.

Fiscal Note:

Prior Council Action: Click or tap here to enter text.

City Council Strategic Initiative: [Please select from the dropdown menu below]

Choose an item.

Choose an item.

Choose an item.

Comprehensive Plan Element (s): [Please select the Plan element(s) and Goal # from dropdown menu below]

- ☐ Economic Development - Choose an item.
- ☐ Environment & Resource Protection - Choose an item.
- ☐ Land Use - Choose an item.
- ☐ Neighborhoods & Housing - Choose an item.
- ☐ Parks, Public Spaces & Facilities - Choose an item.
- ☐ Transportation - Choose an item.
- ☐ Core Services
- ☐ Not Applicable

Master Plan: *[Please select the corresponding Master Plan from the dropdown menu below (if applicable)]*

Stormwater Master Plan

Background Information:

Receive an update on the Stormwater Utility rate modeling and discuss next steps.

Council Committee, Board/Commission Action:

Click or tap here to enter text.

Alternatives:

Click or tap here to enter text.

Recommendation:

Click or tap here to enter text.



City of San Marcos

Update on Stormwater Utility Study

February 4, 2020



Purpose of Update Today

Provide Update on Stormwater Utility and seek Council feedback

Agenda

- History of Stormwater Utility
- Stormwater Utility Study
 - Rate Structure Analysis
 - Billing system Analysis
 - Council Feedback
- Stormwater Program & Rate Model
- Next Steps

History of Stormwater Utility

1999 - Drainage Utility Implemented:

- \$25M in projects from 1994 Drainage Master Plan
- O&M funded through transfer from General Fund
- Focus on pipe capacity improvements

2019 – Stormwater Utility is a dedicated funding source to:

- \$200M in projects
- O&M for expanded network of pipes, channels, detention and water quality facilities
- Reduce flooding, improve water quality & maintain regulatory compliance (MS4)

Stormwater Utility Rate History

Year	2014	2015	2016	2017	2018	2019	2020*	2021*	2022*
Rate	\$7.08	\$7.43	\$8.32	\$9.15	\$10.52	\$12.10	\$13.92	\$16.04	\$18.45
Incr.	5%	5%	12%	10%	15%	15%	15%	15%	15%

Rate Increases Per Previous Council Direction

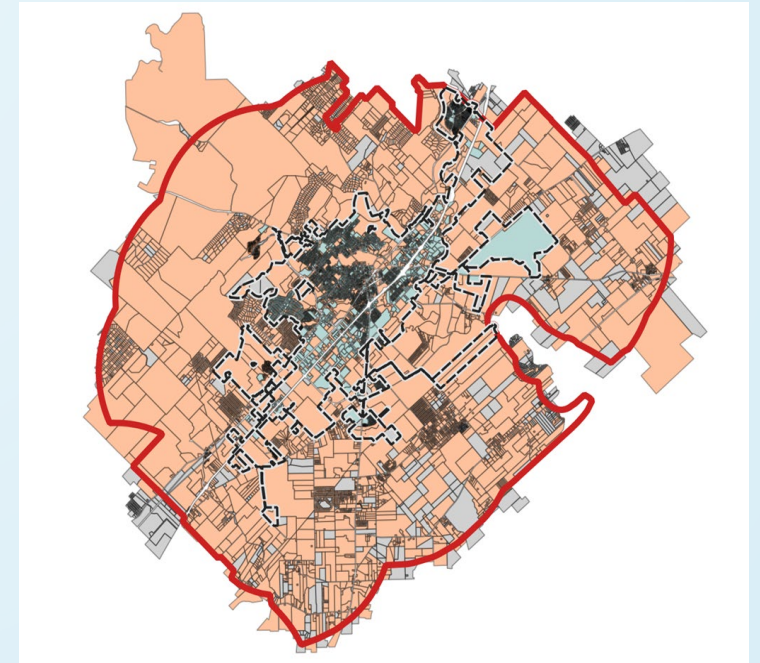
* 2020 & Future Rate increases not implemented pending analysis of stormwater utility rate structure

- 2018 Council direction to expedite stormwater projects with 5 yrs of 15% rate increases
- Stormwater Utility rate structure update to explore potential rate structures & requirements
- Goal to establish financial framework for more equitable and sustainable program

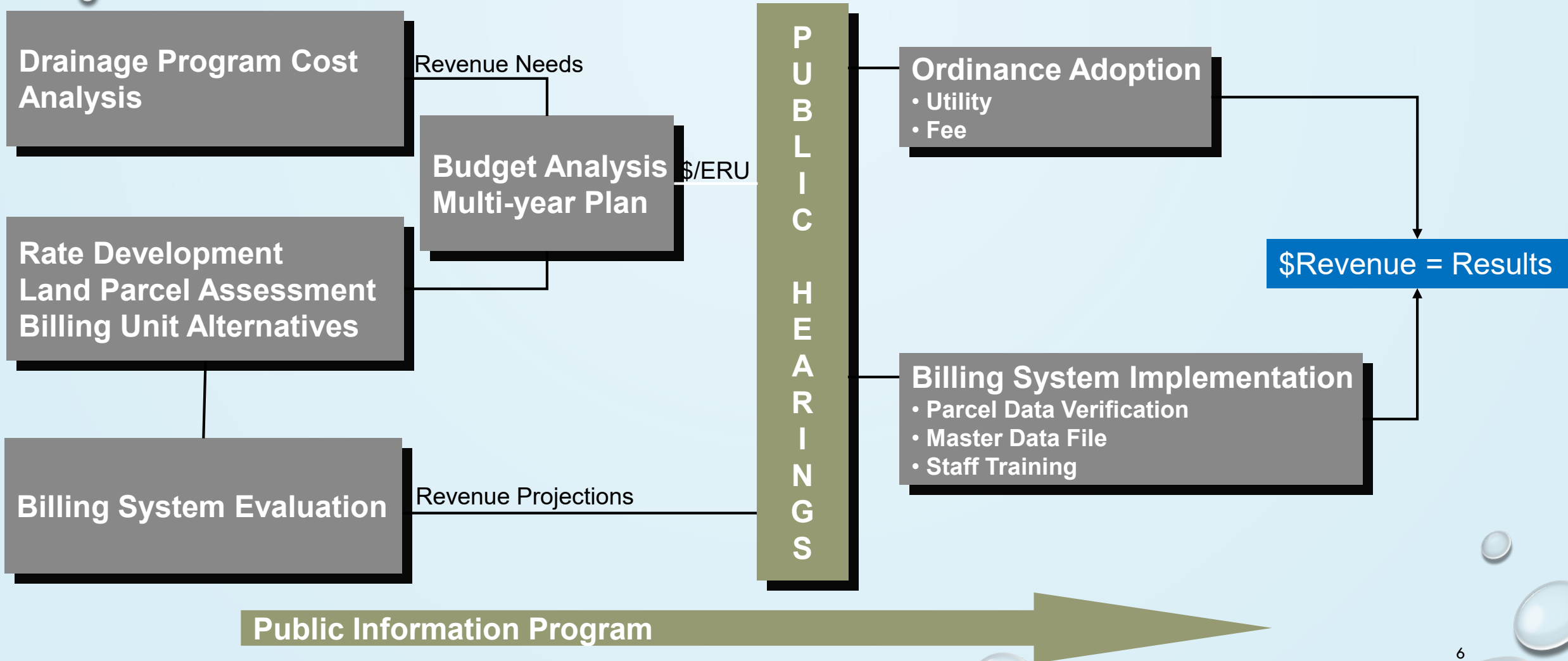
Purpose of the Study

Develop more equitable & sustainable program funding

- Better Customer Data
 - Impervious cover
 - Account & parcel matching
- Rate Structure recommendations
- Billing system recommendations
- Stormwater Program Cost Analysis (Rate Model)
- Ordinance update

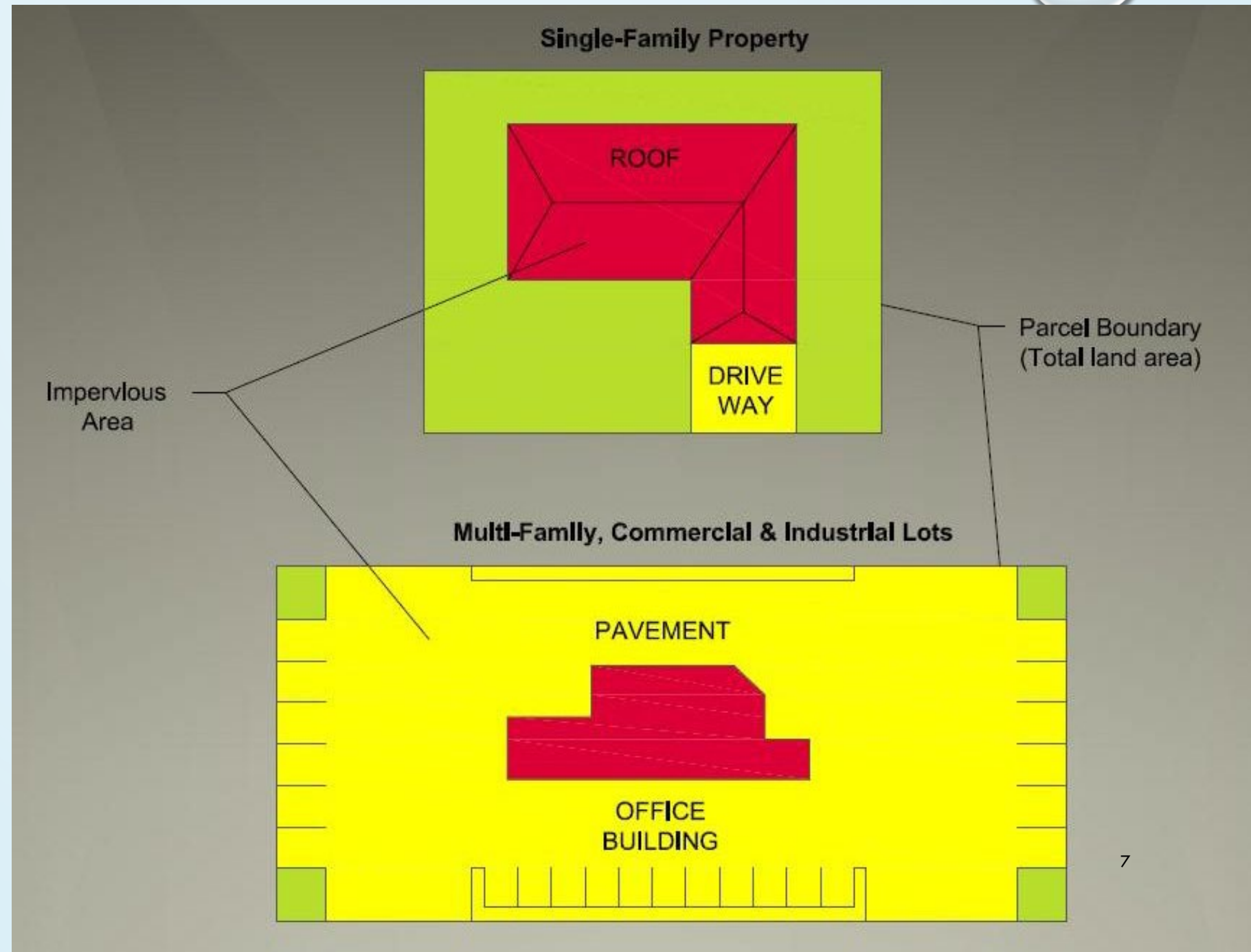


Study and Implementation Process



Impervious Area rate basis

- Impervious area is a better indicator of a parcel's demand on the drainage system than lot area
- The Equivalent Residential Unit (ERU) is used to link fees between the residential and non-residential rate class. It is considered by industry standards the most equitable and proportional method.



Better Customer Data – Impervious Cover

- Leaf-off 2017 0.5" 4-band aerial imagery used to assess impervious cover (IC).
- Extensive QA/QC process undertaken to ensure accuracy of impervious determination.
- 2019 Hays County Appraisal District parcel boundaries used for IC by parcel

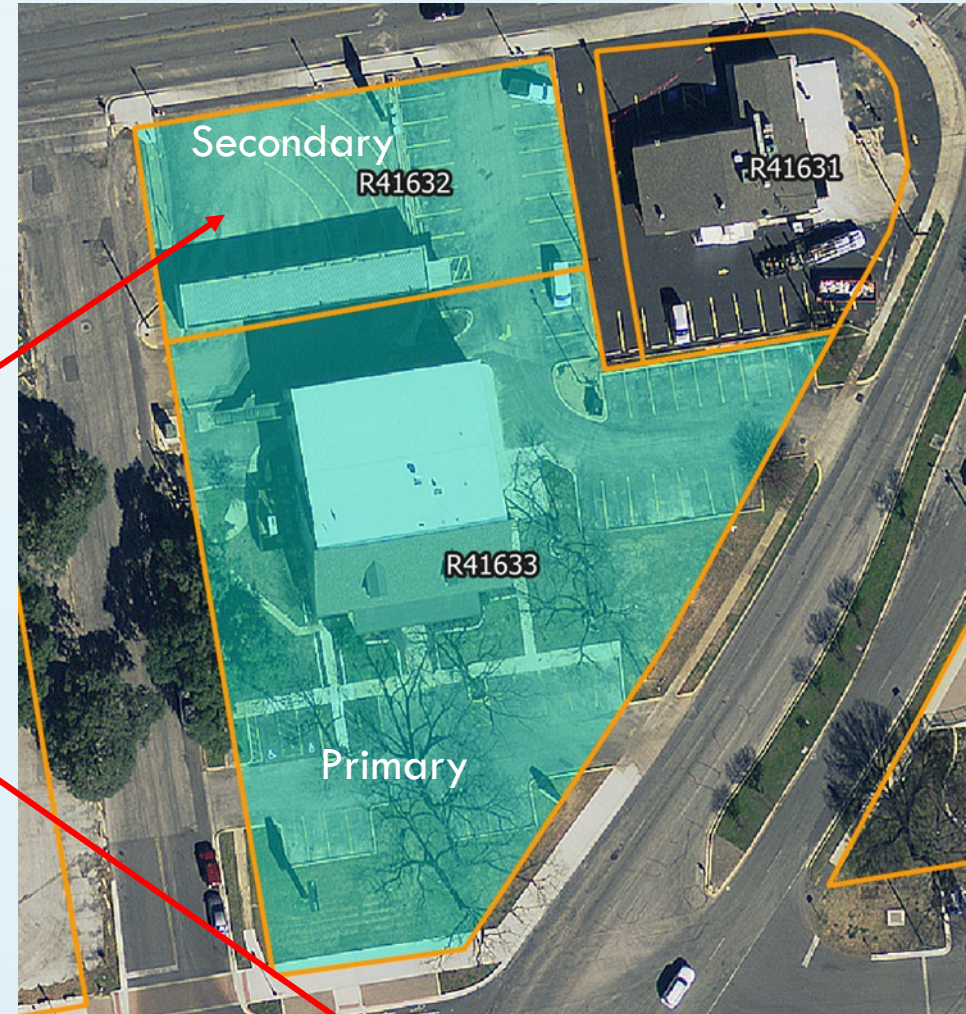
Study Year	IC = Equivalent Residential Unit
1999	2250 sf
2019	2575 sf

Better Customer Data - Account Matching

- Each active billing account must be associated with a parcel, most commonly by matching the address.
- Some parcels have multiple billing accounts and the charge is split to reflect a proportional share of the charge.
- Parcels with impervious cover but without account matches can typically be associated with adjacent parcel accounts.

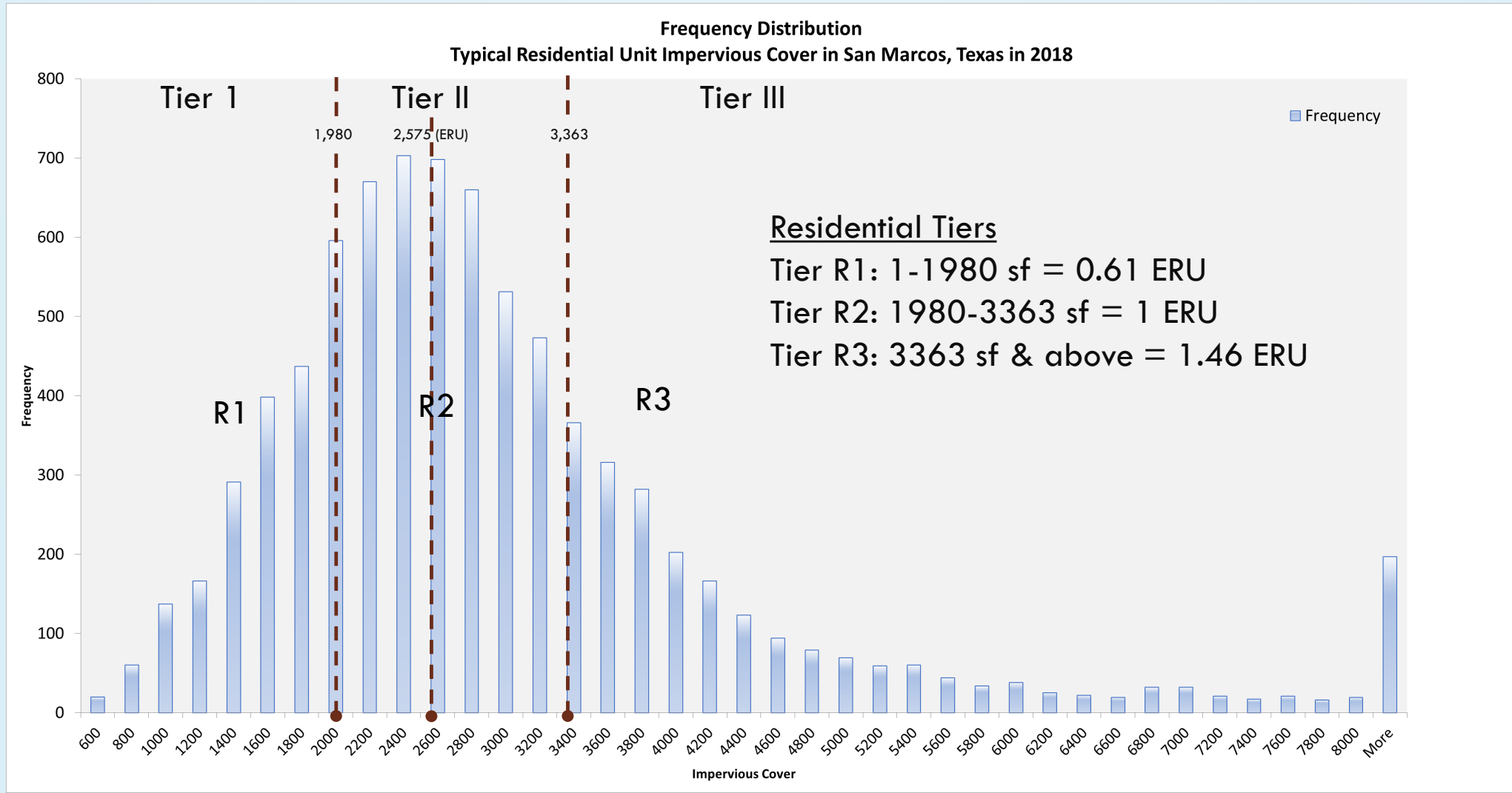
Account Matching Example

- Multiple Parcels Per Account
 - Primary
 - Secondary
- Impervious Cover for secondary parcel not included in total



I	J	K	L	M	N	O	P	U	V	W
trim	account	Consolidate	impervious area	impervious	Parcel Area	IM Parcel Id	Secondary Parcel	serv_u	Class	bill_code
1221 W HOPKINS ST	3658	R47374	21,314.66	73.96	28,818.94	R47371			Commercial	DRN1
301 N CM ALLEN PKWY	1513	R41633	30,065.22	71.58	42,004.58	R41633	41632		Commercial	DRN2
220 THIRD ST	8043	CA10200	4,857.21	30.45	15,953.74	10200			Residential	DRN3

Residential Distribution – Development of the Rate Structure



Proposed Rate Classes

- Three total classes:
 - Residential (R1, R2, R3)
 - Non-Residential (NR)
 - Exempt (Ex).
- Residential parcels with 1-4 units/parcel:
 - Remain in the residential class.
 - Charge is based on each unit's share of total impervious on the parcel.
- Residential parcels with 5+ units/parcel (Multi-Family):
 - Now classified as Non-Residential
 - Drainage characteristics mimic commercial developments
- Non-Residential: Former Commercial category with addition of Multi-Family



Rate Structure Review and Recommendations

- New Equivalent Residential Unit (ERU) value = 2,575 sf (median value for all SFR parcels)
- Residential Class:
 - The 3 residential tiers change from parcel area to an impervious cover area.
 - Residential parcels with 1-4 units/parcel remain in the residential class.
- Non-residential Class:
 - Residential parcels with 5+ units/parcel classified as Non-Residential
 - Commercial, Retail, Government, Religious, Non-Profit
 - Calculated by dividing total impervious cover by 2,575 to determine ERU's.
- Exemption for only City and Texas State University owned properties.

Feedback?

Rate Structure Comparison

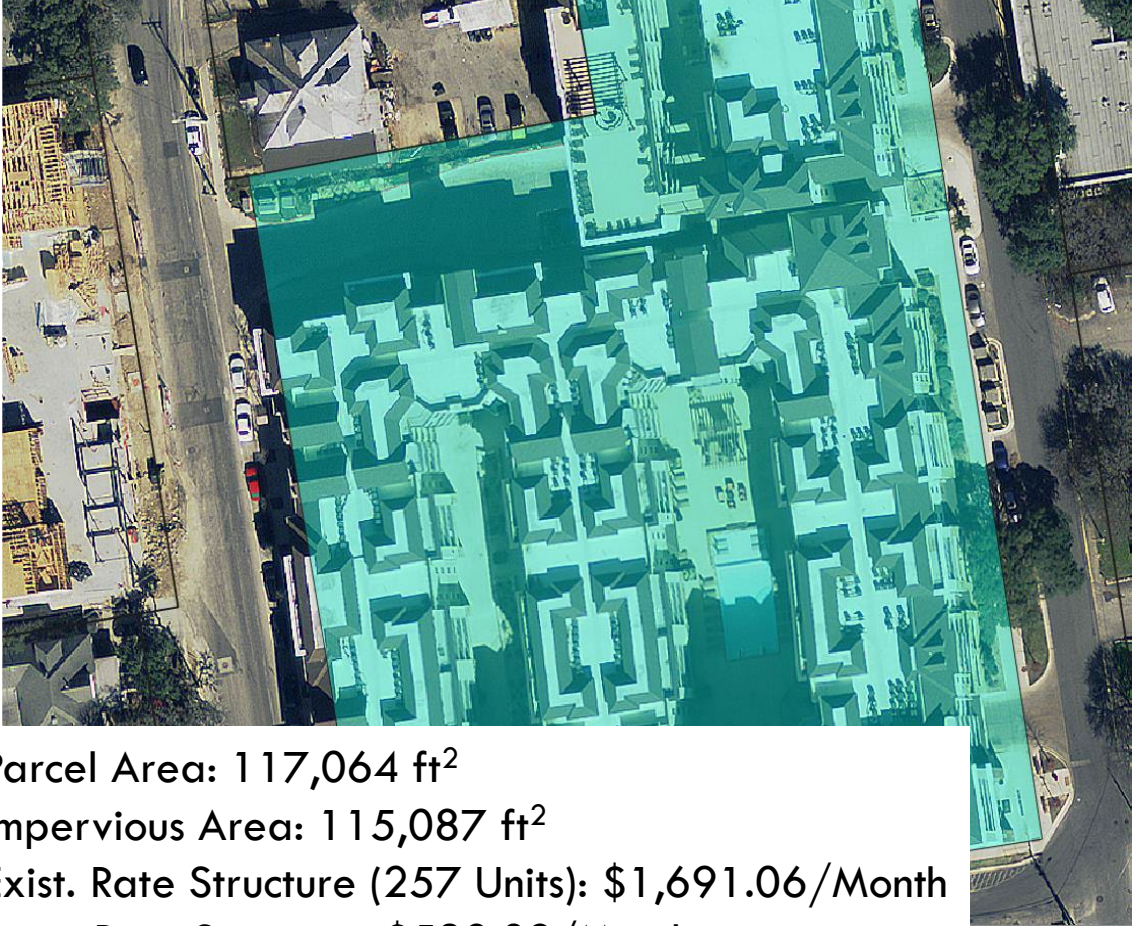
Existing (ERU 2,250 sf)

Class Description	Total Lot Size-Square Feet	Current Rate
Small Residential	0-6,000	\$7.57
Typical Residential	6,001-12,000	\$12.10
Large Residential	12,001+	\$13.86
Commercial	Impervious Area /ERU *Rate	
Multi-Family	# of units * residential rate	

Proposed (ERU 2,575 sf)

Class Code	Description	Imperious Cover Range	Rate Example
R1	Small Residential	0-1,980	\$7.43
R2	Typical Residential	1,981-3,336	\$12.10
R3	Large Residential	3,334+	\$17.68
NR	Commercial, Retail, Governmental, Multifamily, religious, non-profit, etc.	Impervious Area /ERU *Rate (\$12.10)	

Residential Multi-Family Rate Comparison

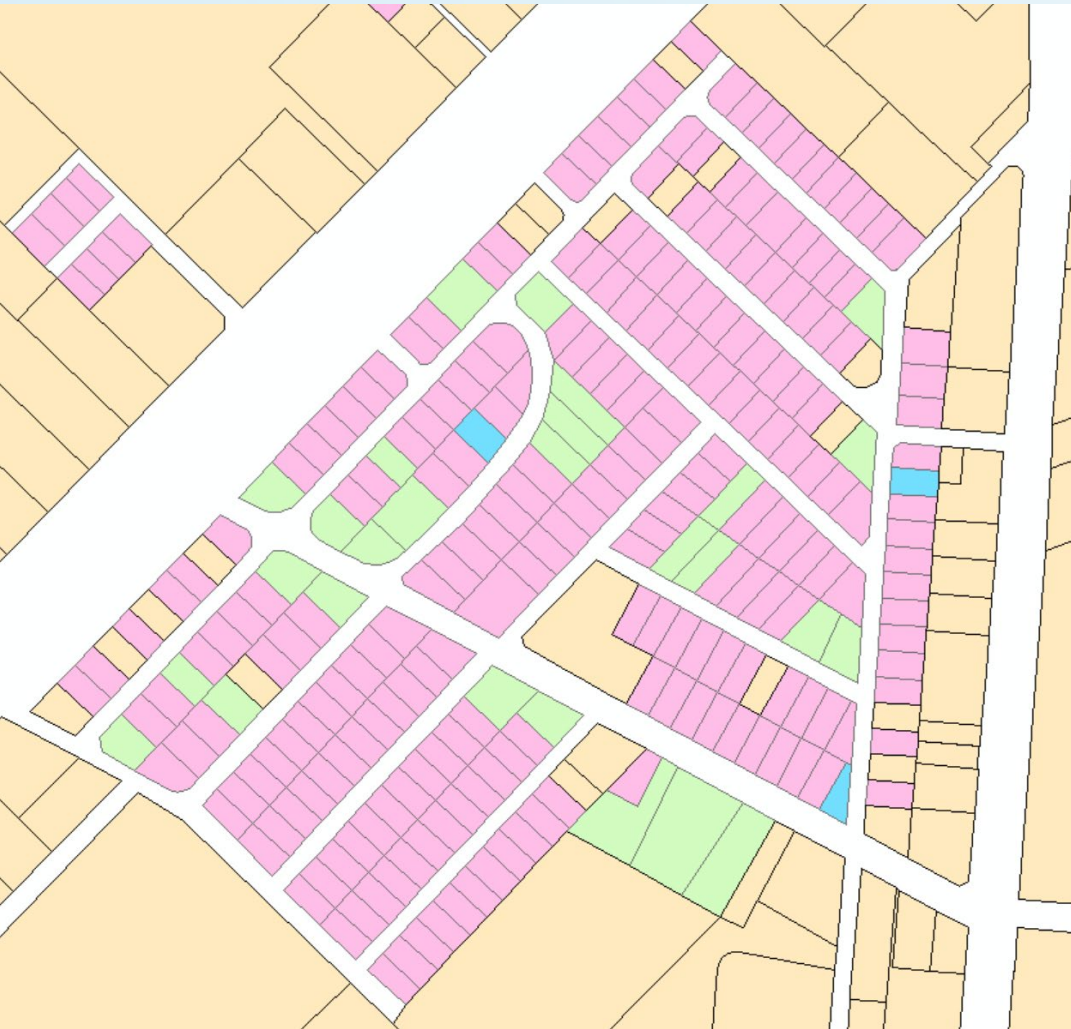


Parcel Area: 117,064 ft²
Impervious Area: 115,087 ft²
Exist. Rate Structure (257 Units): \$1,691.06/Month
Prop. Rate Structure: \$538.09/Month

Parcel Area: 1,530,020,ft²
Impervious Area: 808,326 ft²
Exist. Rate Structure (257 Units): \$2,040.88/Month
Prop Rate Structure: \$3,779.37 /Month

Residential Areas Comparison Sunset Acres

Existing Rate Structure

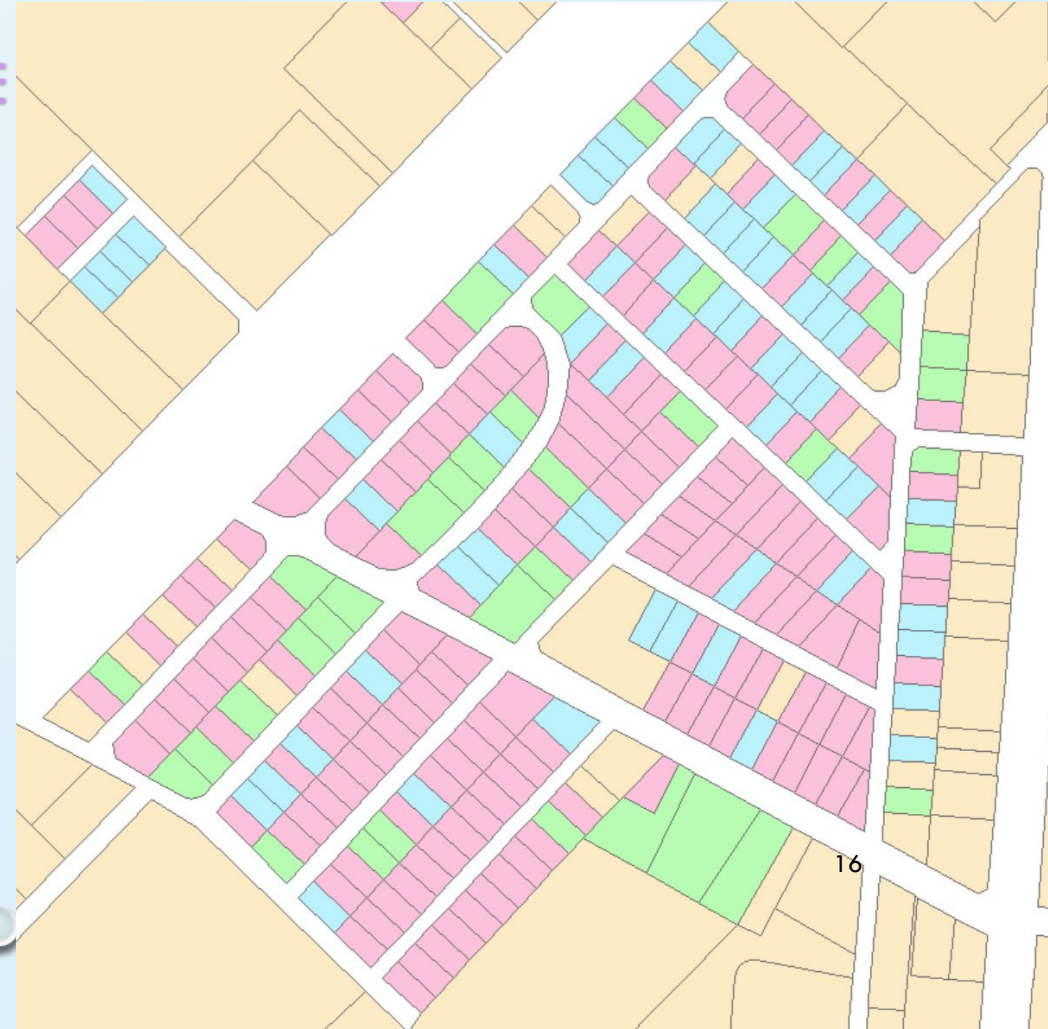


TIER R1: BLUE

TIER R2: PURPLE

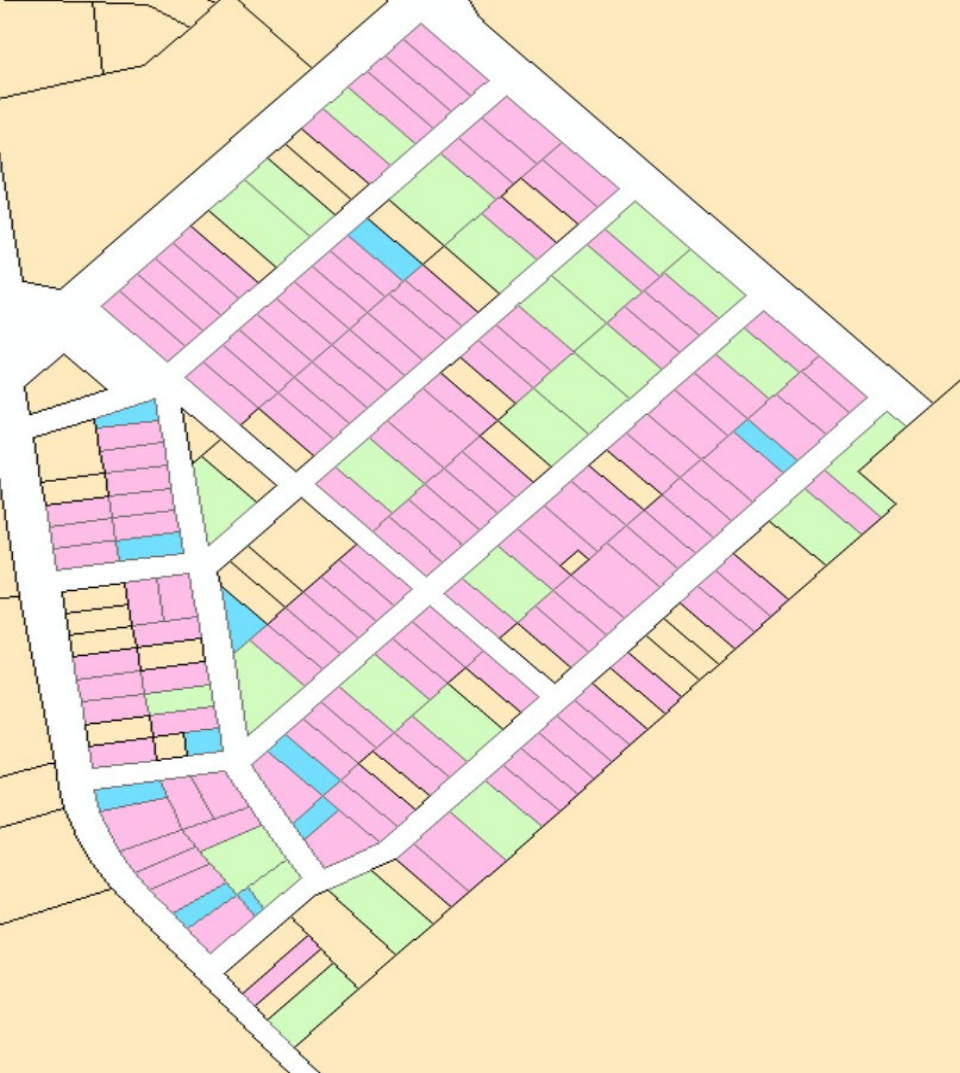
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Proposed Rate Structure

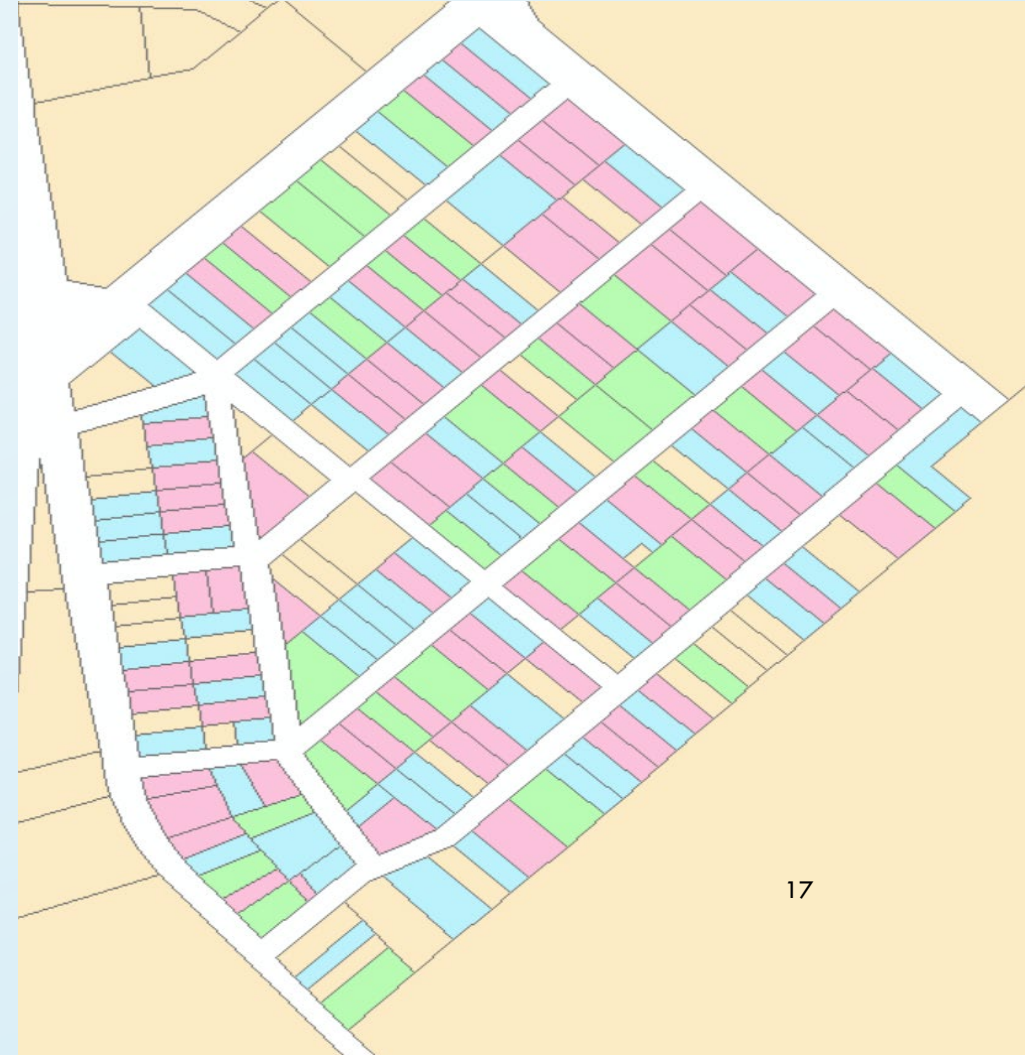


Residential Areas Comparison Wallace Addition

Existing Rate Structure



Proposed Rate Structure



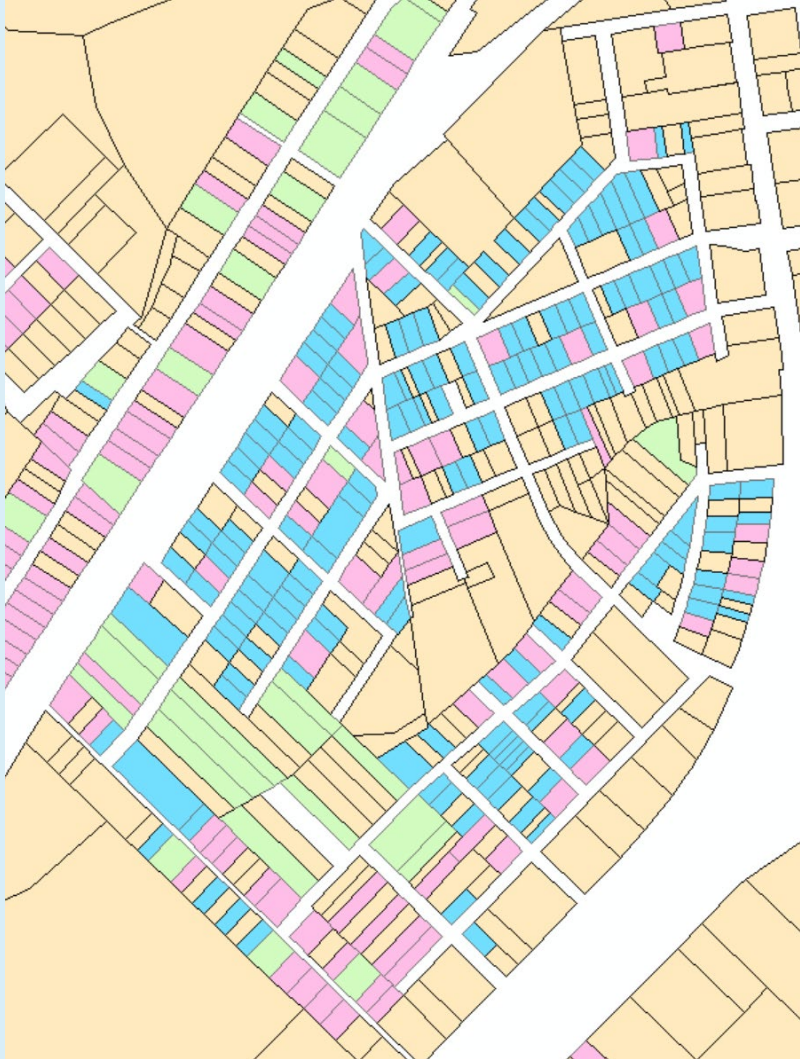
TIER R1: BLUE

TIER R2: PURPLE

TIER R3: GREEN

Residential Areas Comparison Victory Gardens

Existing Rate Structure

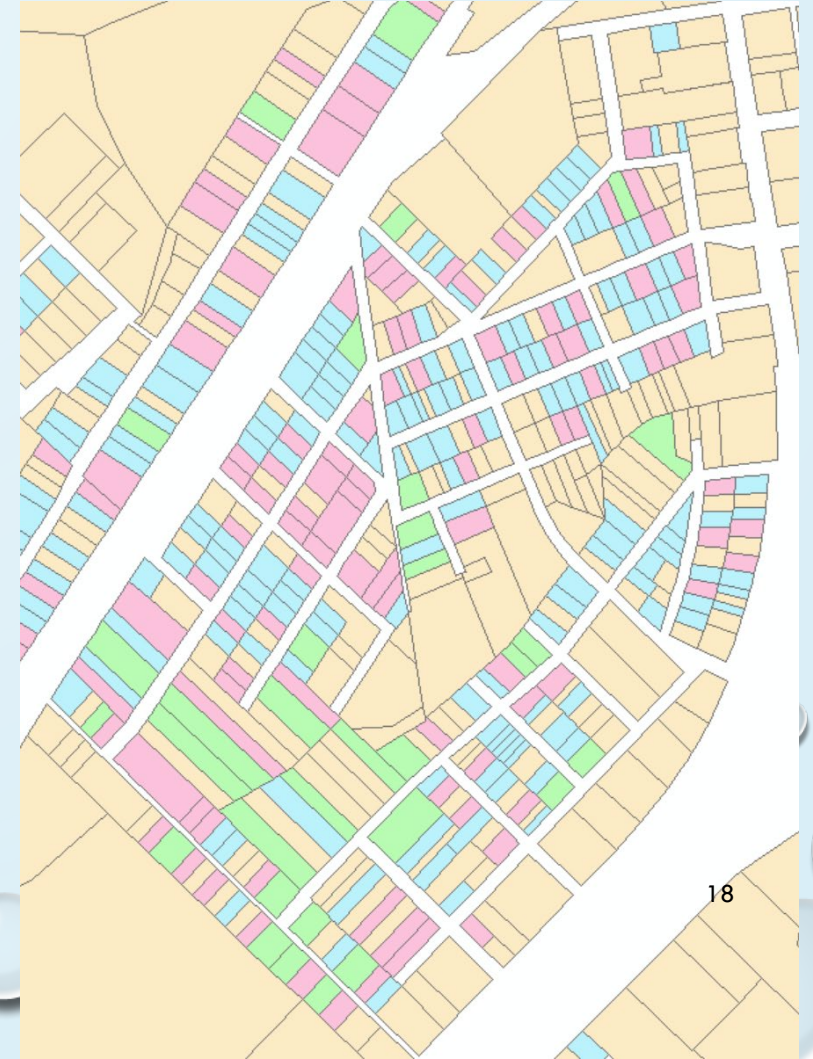


TIER R1: BLUE

TIER R2: PURPLE

TIER R3: GREEN

Proposed Rate Structure

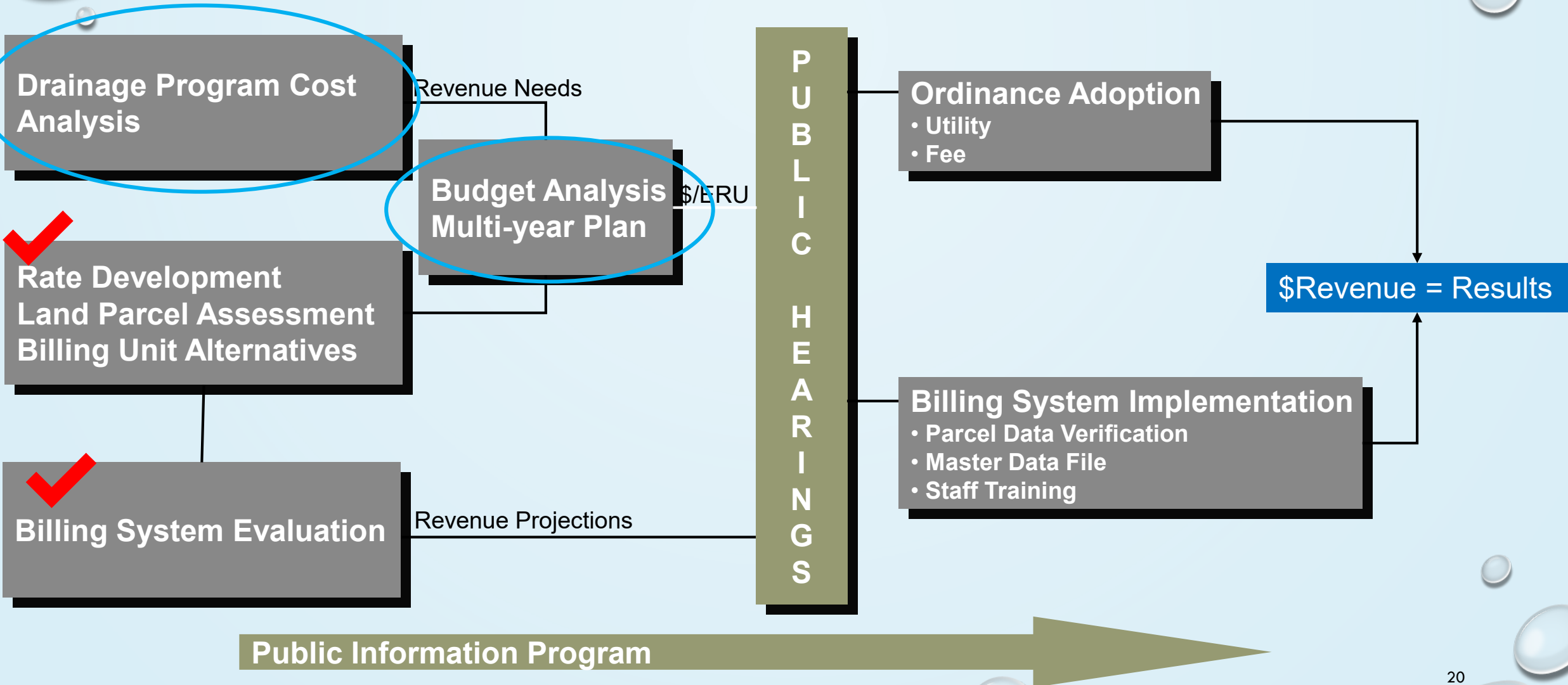


Billing System Review & Recommendations

- Bill for uninterrupted stormwater impervious cover even in the absence of other active utility service (electrical, water, wastewater.)
- Parcels that contain more than 1 drainage account will have fee apportioned between accounts based on impervious cover associated with each account.
- Bill owner of record for residential parcels with 5+ units.
- Implement concurrent update of the impervious cover data and the rate structure to avoid multiple bill changes.

Feedback?

Study and Implementation Process





Program Analysis - Building a Rate Model

What is it?

- It is a spreadsheet (Excel) based tool to forecast the stormwater utility's financial performance into the future.
- Its based on historical performance and assumptions about the future.
- It includes:
 - Revenue projections
 - Cost of Service
 - Expense projections

What does it provide us?

It allows us to run various scenarios on funding future expenses and the effect on rates.



Program Analysis - Status & Preliminary Recommendations

- Internal review and scenario testing on model underway
- Model is based upon recommended rate structure
- Debt/CIP costs driving rate increases
- Must increase O&M funding to achieve system performance – especially with water quality
- Link operational increases with capital project expenditures
- Amount of rate increases control CIP expenditures and competitiveness with other cities.

ERU Rate Comparison with other Texas Cities

City	Monthly Stormwater Fee (FY19)
Austin (approx.)	\$15.00
San Marcos	\$12.10
Fredericksburg	\$6.50
Georgetown	\$6.50
Killeen	\$6.00
Fort Worth	\$5.40
Schertz	\$5.20
Cibolo	\$5.00
Kyle	\$5.00
San Antonio	\$4.94

Multi-Year Plan

Will come back to Council for discussion/direction on stormwater CIP and future rates.

- Currently an estimated \$68 Million over next 5-yrs
- Prioritize projects
 - Projects to prevent property damage
 - Council Priority projects



Summary of Next Steps

- Address any City Council recommendations/concerns
- Provide Council Update on rate model and program analysis (future rate increases)
- Update Drainage Utility Ordinance
- Update Utility Billing System
- Education/Public Outreach
 - Finalize Internal Procedures
 - Outreach
- Implement new Rate Structure

ID	Land Use	Current Monthly Fee	Existing Rate Structure, New Data	New Rate Structure, New Data	Change in Fee
1	Government	\$3,485	\$12,238	\$10,693	\$7,209
2	Commercial	\$4,392	\$12,875	\$11,250	\$6,857
3	Multi-Family Residential	\$3,146	\$9,675	\$8,454	\$5,307
4	Commercial	\$339	\$5,497	\$4,803	\$4,465
5	Commercial	\$5,215	\$10,056	\$8,787	\$3,572
6	Commercial	\$1,476	\$3,669	\$3,206	\$1,730
7	Government	\$617	\$2,519	\$2,201	\$1,584
8	Multi-Family Residential	\$1,544	\$81	\$71	(\$1,473)
9	Commercial	\$11,543	\$11,530	\$10,075	(\$1,469)
10	Multi-Family Residential	\$2,661	\$1,422	\$1,243	(\$1,418)
11	Multi-Family Residential	\$2,347	\$4,307	\$3,763	\$1,416
12	Multi-Family Residential	\$1,945	\$613	\$535	(\$1,410)
13	Commercial	\$1,612	\$3,406	\$2,976	\$1,363
14	Government	\$2,214	\$1,113	\$973	(\$1,242)
15	Multi-Family Residential	\$8	\$1,360	\$1,188	\$1,180
16	Commercial	\$339	\$1,731	\$1,512	\$1,174
17	Commercial	\$714	\$2,079	\$1,817	\$1,103
18	Commercial	\$85	\$1,348	\$1,178	\$1,093
19	Government	\$36	\$1,279	\$1,118	\$1,082
20	Commercial	\$133	\$1,372	\$1,199	\$1,066



Legislation Text

File #: ID#19-900, **Version:** 1

AGENDA CAPTION:

Receive a staff presentation and hold a discussion on the Whisper Public Improvement District (PID), and provide direction to the City Manager.

Meeting date: February 4, 2020

Department: Finance-Heather Hurlbert, Finance Director/CFO

Amount & Source of Funding

Funds Required: Click or tap here to enter text.

Account Number: Click or tap here to enter text.

Funds Available: Click or tap here to enter text.

Account Name: Click or tap here to enter text.

Fiscal Note:

Prior Council Action: Whisper PID was approved by City Council in October 2014

City Council Strategic Initiative: [Please select from the dropdown menu below]

Choose an item.

Choose an item.

Choose an item.

Comprehensive Plan Element (s): [Please select the Plan element(s) and Goal # from dropdown menu below]

- ☐ Economic Development - Choose an item.
- ☐ Environment & Resource Protection - Choose an item.
- ☐ Land Use - Choose an item.
- ☐ Neighborhoods & Housing - Choose an item.
- ☐ Parks, Public Spaces & Facilities - Choose an item.
- ☐ Transportation - Choose an item.
- ☐ Core Services
- ☐ Not Applicable

Master Plan: *[Please select the corresponding Master Plan from the dropdown menu below (if applicable)]*

Choose an item.

Background Information:

Receive an update on the Whisper PID and discuss next steps,

Council Committee, Board/Commission Action:

Click or tap here to enter text.

Alternatives:

Click or tap here to enter text.

Recommendation:

Click or tap here to enter text.



Whisper Public Improvement District (PID) Update

February 4, 2020

City of San Marcos | Finance

Purpose and Agenda

Purpose

- Review the basics of Public Improvement District (PID)
- Receive an update on the Whisper PID

Whisper Entrance Monument



Whisper Office



Whisper Industrial



- PID Basics
- Whisper PID
- Next steps

Agenda

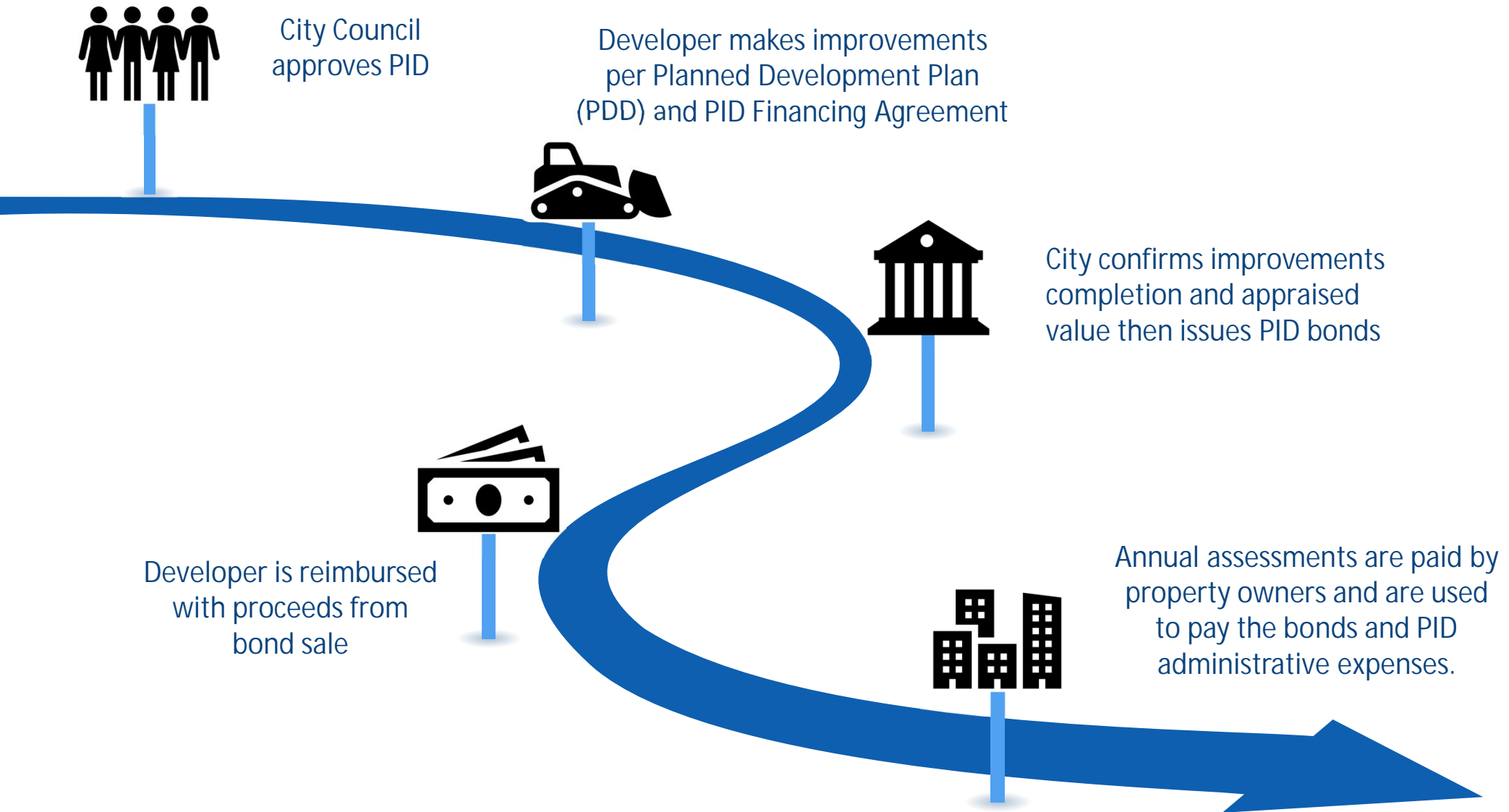


PID Basics

The background of the slide features a stylized landscape. A thick, dark blue wave-like shape curves from the bottom left towards the top right. Below this wave is a solid green area that represents a hill or ground, also curving upwards towards the right. The top left portion of the slide is white, providing a clean background for the title text.

What is a PID	What are PID Assessments	Benefit of PID	Term Sheet
<ul style="list-style-type: none"> • <i>A PID is a special district created by a City or County under the authority of Chapter 372 of the Texas Local Government Code</i> • <i>Allows the City or County to levy a special assessment against properties within the district to pay for improvements that provide special benefit to the district</i> 	<ul style="list-style-type: none"> • <i>Assessments are payments made by property owners to pay for the district improvements</i> 	<ul style="list-style-type: none"> • <i>Property owners that benefit from the improvements pay for the improvements</i> • <i>PID debt is paid solely from the assessments and the City is not at risk for the debt</i> 	<p><i>The PID Term Sheet defines the:</i></p> <ul style="list-style-type: none"> • <i>Maximum indebtedness</i> • <i>Maximum annual assessment rate</i> • <i>Maximum reimbursable construction costs</i> • <i>Projected land use</i> • <i>Proposed timeline</i> • <i>Terms and conditions</i>

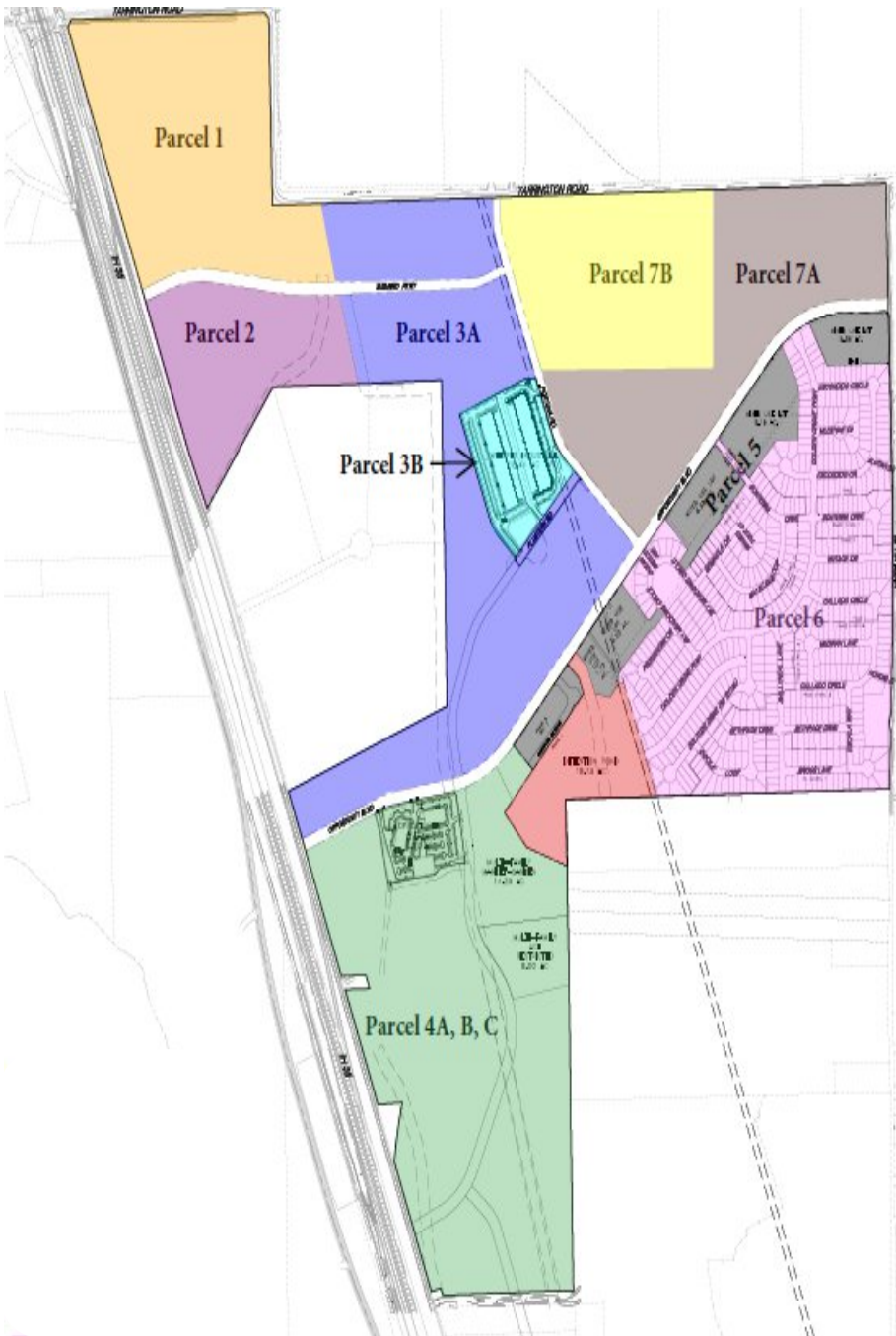
PID Roadmap



Whisper PID



Whisper PID Area



Whisper PID Renderings

Katerra



Whisper Entrance Monument



Whisper Office



Whisper Industrial



Whisper Residential

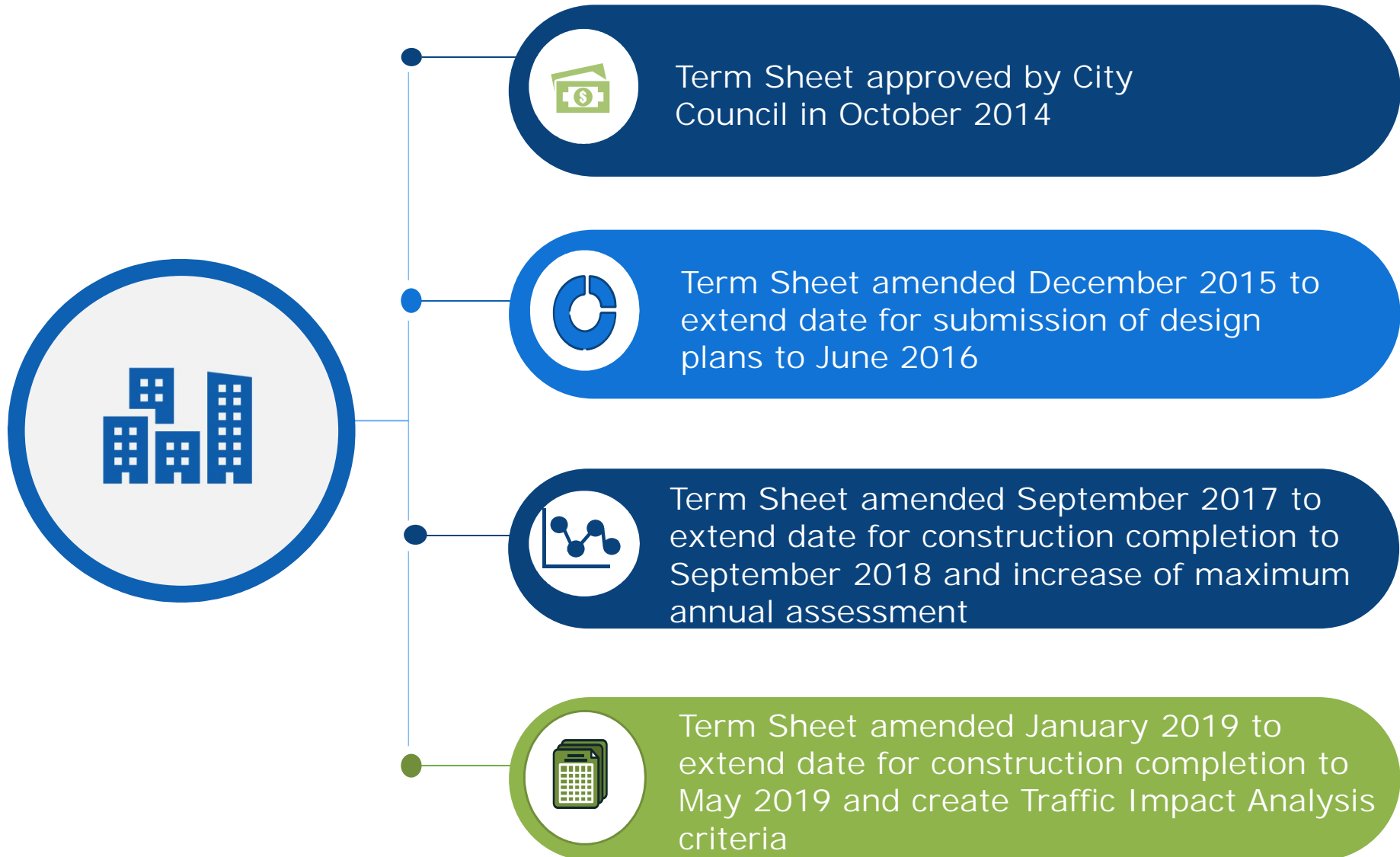


Whisper PID Highlights

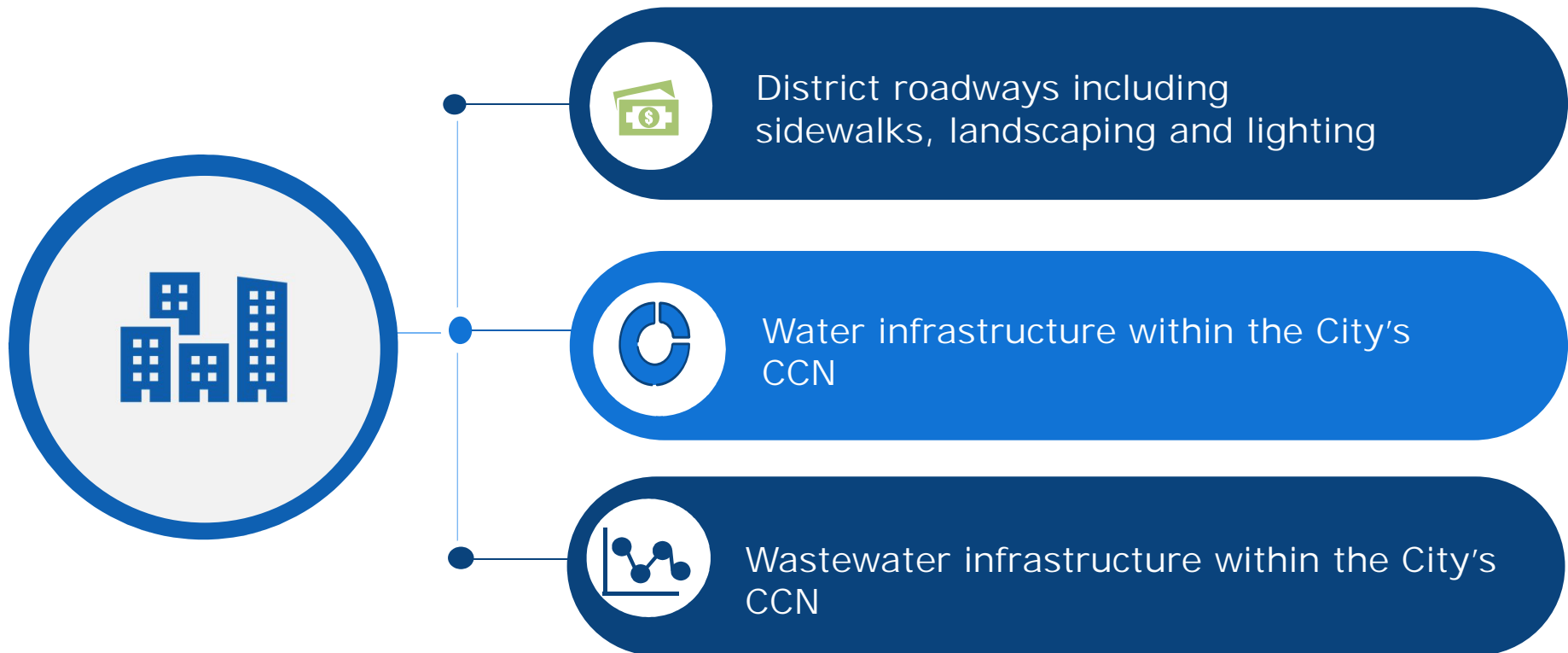


All improvements required by the PDD and PID Financing Agreement are substantially complete. Estimated addition to the tax roles at build out is \$638.2M.

History of Whisper PID



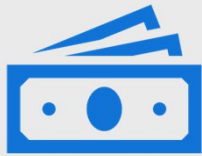
Whisper PID Improvements



A maximum of \$14.6M in PID bonds will be issued to reimburse the developer for improvements that provide special benefit to the district

Next Steps

The background features a stylized landscape. A thick, dark blue wave-like shape curves from the bottom left towards the top right. Below this wave is a solid green area that also curves upwards from left to right, resembling a hill or a field. The top portion of the image is white.



February/ March

- Amend PID Term Sheet to extend date for construction completion
- Authorize Publication of the Preliminary Limited Offering Memorandum (PLOM)
- Approve cost determination resolution



March/ April

- Price Bonds
- Public Hearing to levy PID assessment
- Consider ordinance approving Service & Assessment Plan & levy assessments
- Consider ordinance authorizing PID bonds
- Execute Bond Purchase Agreement



March/ April

- Close Bonds
- Reimburse developer per agreement

Questions?



Thank You



City of San Marcos

630 East Hopkins
San Marcos, TX 78666

Legislation Text

File #: ID#19-909, **Version:** 1

AGENDA CAPTION:

Executive Session in accordance with the following Government Code Section § 551.071 - Consultation with Attorney: to receive a legal briefing and deliberation regarding Martindale ETJ Matters.

Meeting date: 2/4/2020

Department: City Clerk's Office on behalf of the City Council

Amount & Source of Funding

Funds Required: Click or tap here to enter text.

Account Number: Click or tap here to enter text.

Funds Available: Click or tap here to enter text.

Account Name: Click or tap here to enter text.

Fiscal Note:

Prior Council Action: Click or tap here to enter text.

City Council Goal: [Please select goal from dropdown menu below]

Choose an item.

Choose an item.

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Comprehensive Plan Element (s): [Please select the Plan element(s) and Goal # from dropdown menu below]

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Background Information:

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Council Committee, Board/Commission Action:

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Alternatives:

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Recommendation:

Click or tap here to enter text.